

Testimony of

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Insurance and Real Estate Committee

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***RE: Senate Bill 15 – An Act Requiring Public Comment for Long-Term Care Policy Rate Filings***

Good morning and thank you for this opportunity to provide support for Senate Bill 15.

As you know, the Connecticut Commission on Aging is the nonpartisan state agency devoted to preparing Connecticut for a significantly changed demographic and enhancing the lives of the present and future generations of older adults. For sixteen years, the Commission has served as an effective leader in statewide efforts to promote choice, independence and dignity for Connecticut's older adults and persons with disabilities.

The Commission on Aging co-chairs the Long-Term Care Advisory Council (CGS §17b-338) and has studied the issue of long-term care extensively, both nationally and specific to Connecticut. It is clear from demographics and trends that long-term care is and will continue to comprise a major portion of Connecticut's state budget. In fact, Medicaid expenditures for long-term care in Connecticut exceed \$2.4 billion – about 13% of the entire state budget – and are set to double in the next fifteen years without action.

According to the Long-Term Care Needs Assessment (LTCNA), conducted in 2007:

- Most Connecticut residents do not know how they will pay for long-term care. Of individuals over the age of 75, almost half think that Medicare will pay for long-term care (it won't), and almost 30% have no plans at all for covering these costs.
- When asked how much they thought they could pay out-of-pocket for long-term care, almost 65% said either "nothing" or "less than \$10,000 annually."

The state's Long Term Care Plan (2010) indicates that:

- Almost 70% of 65-year-olds will need long-term care as they age. On average, they will need three years of care.
- Medicaid pays the majority of long-term care expenses, including about 70% of all nursing home care in the state.
- As of December, 2008, there were about 112,000 Connecticut residents with long-term care insurance policies.



These statistics are clearly troubling, demonstrating a lack of education about the likelihood of needing long-term care and a lack of personal responsibility for these costs.

Connecticut's Long-Term Care Partnership Program is an effort to increase awareness about and the affordability of long-term care insurance. It has been successful in educating tens of thousands of Connecticut residents and helping them afford long-term care insurance. Additionally, the CHOICES program and the new Aging and Disability Resource Centers (ADRCs) work to educate consumers about planning for long-term care needs. On the national level, the Affordable Care Act established CLASS, which will be a voluntary long-term care insurance, collected by employers. However, there is some doubt that CLASS will be fully implemented.

Despite these efforts, it is clear that more needs to be done to encourage individuals to plan for their needs. Although the popularity of private long-term care insurance policies has been increasing, a number of high-profile rate increases in the past year have caused many potential consumers to give pause. This bill is a common-sense extension of existing law to allow public comment on proposed rate increases. The Commission applauds this Committee for taking on this issue.

Thank you again for this opportunity to comment. As always, please contact us with any questions about this issue or other aging-related issues. It's our pleasure to serve as an objective, nonpartisan resource to you.